

Senate File 129 - Introduced

SENATE FILE 129

BY ZAUN

A BILL FOR

1 An Act exempting from the sales tax the sales price of a
2 physical exercise club contract.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, Code 2013, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 99. The sales price of a physical exercise
4 club contract. For purposes of this subsection, "*physical*
5 *exercise club contract*" means the same as defined in section
6 552.1, and "*sales price*" includes "*contract price*" as defined
7 in section 552.1.

8

EXPLANATION

9 This bill creates a sales tax exemption for physical
10 exercise club contracts. The term "physical exercise club
11 contract" is defined in Code section 552.1 and means an
12 agreement by which a buyer is entitled to membership in a
13 physical exercise club or use of the services or facilities
14 of a physical exercise club. The exemption applies to the
15 "sales price" of such contracts, which is defined in Code
16 section 423.1. However, because Code section 552.1 uses the
17 term "contract price" in relation to physical exercise club
18 contracts, the term "sales price" is defined for purposes of
19 the exemption to include "contract price".

20 By operation of Code section 423.6, an item exempt from the
21 imposition of the sales tax is also exempt from the use tax
22 imposed in Code section 423.5.